

and affection of millions who did not know him but respected his commitment, respected the fact that he was willing to take the risks that he took, risking his own life.

The most disappointing moments of his days, he told me 2½ weeks ago in New York City, was when people from his own faith, some of them religious leaders, reportedly religious leaders, said he should be a target for assassination because he was giving away too much of his country. This man who fought to create the state, this man who gave his life unflinchingly to the well-being of his people, criticized, called traitor, depicted in Nazi uniforms, outrageously berated in his quest to secure the safety and well-being of the State of Israel and its people.

The messages that came from people who spoke at the funeral, from our President, President Clinton, who said that he was a man chosen by God. King Hussein, who I mentioned, saluted him, his memory as a pro, and compared the assassination of his grandfather to the assassination of Yitzhak Rabin. He was standing there, wearing traditional dress, a headdress common to the Arab world, proud of his heritage, but willing to recognize that this leader of the Jewish people was someone whom had respected and wanted to acknowledge as a friend.

President Mubarak, President of the first Arab nation to make peace with Israel, he was there in his first visit ever to the country. And other leaders who spoke—the President of the European Union, the Prime Minister of Russia, and then, finally, his family.

I think the world listened very attentively as his 17-year-old granddaughter spoke about her grandfather and declared him as a light unto nations. It is almost a Biblical intonation. She said her grandfather's life would continue to light the way for peace, but the light that he gave her was extinguished, that she would no longer see the light nor bask in his glow of love and affection. Elegant, elegant words for a 17-year-old, but expressing what so many failed to see because they did not have the personal contact. But they were reminded that included in the greatness of this individual was a very significant human side.

One of his senior, most dedicated staff members stood, a man named Eitan Haber, who wrote some of Prime Minister Rabin's speeches. I kind of joked with him at a few meetings, because I said I wished that I could find such a speech writer. And he reminded me that the speech writing was the least significant part of a great speech. It took a great speech deliverer to make a memorable talk.

Through his tears, through Mr. Haber's tears as he stood in front of the thousands gathered there and the millions watching across the world, he took out a piece of paper that the prime minister had in his pocket. As Shimon Peres, now the Acting Prime

Minister, said, it was the first time in all the years of public service that Yitzhak Rabin had ever, ever agreed to sing in public, and he joined in a chorus in this rally of more than 100,000 people, singing a song of peace that was written to be sung by those gathered there and throughout the country. And he sang the song.

This was a man who was not comfortable making speeches or in large public gatherings. Even though the greatness that he had internally shown through, you could see, when he was with the President or on public platforms, he was always ill-at-ease, always moving around, his body language indicating some insecurity.

He sang the song, the first time and last time that he ever sang a song in public. And Mr. Haber, the speech writer, read from that song at the funeral ceremony when he took out this blood-spattered song. Because the bullet hit close to where the song was stored in Prime Minister Rabin's breast pocket.

What an anomaly, this man singing for the first time in public, for peace, putting the song, the music for the song in his pocket, and then struck down by a bullet. There is something in the coincidence of those movements that perhaps none of us will ever quite understand, but it certainly is a symbol that will always be remembered.

This was quite a week in the history of Israel, the history of democracy, the history of man. Lessons were taught in a short burst of gunfire that must caution us that extremes in language, in gesture, in tone, can turn into much more menacing things. Civility has to come back to our people, to people across the world, to democratic nations.

Mr. President, we see it in the Congress of the United States, where anger and rage takes over discussion. It has an effect that pervades our society. We should not let it happen and this tragic incident should remind us all that we have to control our speech, our relationships, our view, if our mission is to make peace. One does not have to be in a formal war to want to make peace.

So, we say goodbye with heavy hearts to this great man who proved by his own existence, his own experience, that making war could not save lives, it could not have people living in peace together, but a serious effort at shaking hands across a sea of differences could make the difference.

When I saw Chairman Arafat in his traditional dress that I had come to despise over the years—he wore a gun on his hip when he went to the United Nations—I could not forgive him for their terrorist activities. But I forgave him when he came here and shook hands. That was the moment that he earned my respect.

So, from that place where it all began in the Middle East, in those holy sites, perhaps the time has come when we will be, once again, able to make peace with one another. That is the proper place. This is the proper time.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SIMON. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDING OFFICER (Mr. INHOFE). Without objection, it is so ordered.

#### DIRECT LENDING PROGRAM

Mr. SIMON. Mr. President, it so happens that today is the 30th anniversary of the signing of the Higher Education Act of 1965 by President Lyndon Johnson. Everyone knows it was a great step forward.

Today, according to press reports, the conferees on reconciliation agreed that they would cut back on assistance to higher education and direct lending, which is now used by more than 1,300 colleges and universities in this Nation, including some colleges and universities in Oklahoma, every one of whom wants to keep the system.

There is not a college or university that is using direct lending that wants to shift back into the old system. Let me just say, the new system reduces paperwork, makes it much easier for students and colleges and universities, and the new system is good for taxpayers. The old system has all kinds of paperwork. The old system says, "If you have a student loan, you have to pay back  $x$  number of dollars whether you're employed or unemployed."

The new system permits a student to have an income-contingent loan, so that if a student wants to become a teacher and not earn so much, then the student could pay back a smaller percentage or a smaller sum; while if a student became a lawyer, or a stockbroker, maybe earning quite a bit of money, that student would pay back a larger sum. If a student was unemployed, while that student was unemployed, you would not pay back anything.

What happened in conference is they have agreed to cut back from 40 percent assistance, 40 percent of the schools, which is the cap now, down to 10 percent.

Now, I do not know who is going to tell those students in Oklahoma which three out of four of them are going to be out of the direct loan program. I am glad I am not going to have to make that decision. And I am pleased that the President, I think, is going to veto this.

Who benefits by cutting it back to 10 percent, giving a 90 percent monopoly to the banks and to the guaranty agencies? The banks and the guaranty agencies do. The guaranty agencies, incidentally, were created by us. These are not free enterprise operations. The guaranty agencies have the Federal Government guarantee. The one in Indianapolis, for example, the chief executive officer of the guaranty agency in

Indianapolis is paid \$627,000 a year. We pay the President of the United States \$200,000 a year. And they are spending \$750,000 to lobby against us.

It is very interesting, Mr. President, my chief cosponsor on direct lending was the distinguished Republican Senator from Minnesota, Senator David Durenberger. And Senator Durenberger said in response, when he was asked about this, "Shouldn't we let the free enterprise system work?"—that is what I want; I want to see competition; I want to see the schools in Oklahoma and Illinois and every other State have a choice between the old system and the new system and have competition—but Senator David Durenberger said, "This is not the free market. It is a free lunch."

It is not competition. We say in the law, banks get the Treasury rate plus 3.1 percent. We write into the law what their profits are, and they do not want to give it up.

Now, if we want to have a banking assistance act, let us call it that. But if we want to have a student assistance act, then let us try and see what we can do to help the students.

I hear all kinds of speeches about paperwork on both sides of the aisle. Here is a program that cuts down dramatically on paperwork, and we are going to put it back in. I just do not think it makes sense.

There is an article in *Rolling Stone*. I confess, I am not a regular reader of *Rolling Stone*, Mr. President, but here is an article on this. I ask unanimous consent to have this article printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the *Rolling Stone*, Oct. 19, 1995]

#### STUDENT LOANS—THE PRICE OF POLITICS

(By David Samuels)

It was a nightmare," says Karen Fooks, director of financial aid at the University of Florida, recalling the bad old days of guaranteed student loans. "We have about 35,000 students, who come from all over the country, and so every time a student came in to find out what was going on with his loan, it became a game of hide-and-seek: Was it a student problem, a bank problem, a guarantee-agency problem? Nobody knew." With 8,000 banks making loans and 38 guarantee agencies backing the loans with support from the government, Fooks' confusion is understandable. "At the beginning of the year," says Susan O'Flaherty, acting director of financial aid at the University of Colorado at Boulder, "we ran a phone bank with six or seven full-time people. And 70 to 80 percent of the calls that came in had something to do with student loans."

Vanishing checks and bureaucratic red tape, however, are only bad memories now at Florida, CU-Boulder and more than 100 other schools nationwide, where last year the federal direct-lending program replaced multiple applications, banks and guarantors with a single application and a single lender: the federal government. This fall, direct lending is debuting on an additional 1,400 campuses nationwide and will cover close to 40 percent of all student loans. What should students expect from the new direct-loan system? "We can answer students' ques-

tions," O'Flaherty says. "And our counseling staff was like 'Wow! We're not spending all our time chasing paper. We're actually talking to students.'" Karen Fooks is more enthusiastic still. "Students understand it; we understand it; the money comes in faster," she says. "We think we died and went to heaven." Students have even more reason to like direct lending: They can pay back their loans over 25 years as a percentage of income—between 3 percent and 15 percent, depending on their salary and number of children.

If direct lending is a success on campus, however, a very different story is now unfolding in Washington, where Congressional Republicans are threatening this fall to use the budget-reconciliation process to kill what one Colorado State University student called "the best thing since microwaveable brownies." What is odd here is that direct lending is as much the brainchild of Republicans as of Democrats: Direct lending was proposed—and a pilot program implemented—by George Bush's Department of Education; Rep. Tom Petri, R-Wis., has long been direct lending's leading advocate in the House. With the Republican Congress having promised to balance the federal budget, direct lending should be more appealing than ever: Slashing federal subsidies to banks and guarantors will save taxpayers as much as \$12 billion during the next five years.

Why are Republicans turning against a program they sponsored? One explanation may be what Sen. Paul Simon calls "pure commercial politics": What students and taxpayers gain under direct lending, banks and guarantee agencies will lose. Short of high-interest credit cards, guaranteed student loans are the most profitable loans a bank can make, miles ahead of auto loans and home mortgages. The "guarantee" in every guaranteed student loan means that it is impossible for the banks to lose money: 98 to 100 percent of every loan is guaranteed by the government, along with a built-in profit of 3.1 percent above the prime lending rate, plus fees and bonuses. The subsidies paid out to guarantee agencies alone—including the interest on \$1.8 billion in taxpayer funds they control, a bonus of 27 percent of every defaulted loan on which they collect and borrowers' fees that can climb as high as \$80 for every \$1,000 in loans—add up to an annual \$638 million tax-free gift from the federal government. "This is not the free market," former Republican Sen. Dave Durenberger famously remarked of the guaranteed student loan, "it's a free lunch."

Students struggling to make ends meet on borrowed dollars will be interested to learn how the guarantee agencies divide their share of the student-loan pie. Assistant Inspector General Steven McNamara, a non-partisan Education Department employee, has conducted audits of guarantee agencies under presidents Reagan, Bush and Clinton. "We looked at 12 guarantee agencies, which accounted for 68 percent of new-loan volume," McNamara says, citing the inspector general's recent report on the seamier side of the student-loan business. "Nine of the 12 were affiliated with organizations that they were required by law to monitor, and our conclusion was that these potential conflicts of interest placed about \$11 billion in student-loan funds at risk."

State by state, the guarantee agencies' record of fraud, conflict of interest and other abuses demonstrates that they are as cavalier with taxpayer dollars year-round as they are with loan checks at the beginning of the semester.

In South Dakota, the directors of the Education Assistance Corp. used federal funds to purchase an office building from themselves for \$150,000, while buying furs, artwork and

cars for the enjoyment of the corporation staff. Board meetings and retreats were held in such educational locales as the Don CeSar resort, in Florida, and the Marriott Desert Springs resort, in California.

Indiana's USA Group built itself a palatial 30-acre headquarters, including a 450-seat employee cafeteria and a 150-seat theater—and paid its CEO, Roy Nicholson, \$619,949 in 1993. Nicholson's salary is exceeded only by the amount USA plans to spend this year on lobbying Congress—\$750,000, according to one published report.

In Massachusetts, officers of American Student Assistance set up a corporation that billed their own guarantee agency \$540,000, a use of public-sector funds that—under current law—is legal.

The Texas Guaranteed Student Loan Corp. gave the Austin law firm of Ray, Wood & Fine a loan-collection contract worth \$5 million. Subsequently, the firm contributed at least \$10,000 to the reelection campaign of Lt. Gov. Bob Bullock, who sat on the Texas board. "Buck Wood happens to be a good friend of mine," Bullock told the *Houston Chronicle*. "I talk to him frequently about a lot of things." The inspector general's investigation found that Wood's law firm didn't bother to write the required semiannual collection letter to 104 out of 136 randomly selected students. Conflicts of interest at the Texas guaranteed-student-loan agency have reportedly cost taxpayers \$178 million.

Pennsylvania's state guarantee agency has 2,000 employees—as many as are employed in the Department of Education's headquarters in Washington. Jobs at the agency are such political plums that President Jay Evans was offered a \$1 million "platinum parachute" to retire so Gov. Robert Casey could put a top aide in the job. When Evans declined to retire, he was given a no-show job with the agency at a salary \$20,000 higher than the governor's.

Inefficiency and outright fraud are so common under the guaranteed-student-loan system that even some Republicans have broken with their party's traditional support for corporate interests. According to Charles Kolb, assistant secretary for planning, budget and evaluation in the Bush Education Department, "Conservatives in Congress are being terribly misled" by loan-industry lobbyists anxious about preserving their profits. "I'm a conservative Republican," Kolb says, "and I'm a big believer in what Newt Gingrich has done. If what you're trying to do is reduce the role of the government, you ought to be in favor of eliminating the middlemen and all the red tape." Asked whether direct lending will replace private enterprise with hundreds of government bureaucrats, as some Republicans have charged, Kolb laughs. "If socialized profits are private enterprise, then, yeah, maybe, sure."

Rep. William Goodling of Pennsylvania, chairman of the Committee on Economic and Educational Opportunities, which will determine the fate of direct lending in the House, has his doubts. "We have no idea whether the Education Department can be the biggest bank in the country," he says, "and the biggest debt collector as well." Legislation that Goodling sponsored last term in the House would have limited direct lending to 40 percent of existing loans; he is now in favor of eliminating direct lending entirely, he says, because he believes it will save money, and because of the "arrogance" of the Education Department officials. "I'm not the person who drove us to this point," Goodling says, sounding—in this moment, at least—less like a believer in the merits of the old guaranteed student loan than like a man whose toes have been stepped on once too often. "It was their president who said to us, bluntly, 'You go jump in a lake. We're

doing this in two years no matter what happens.”

The fate of direct lending in Congress this fall may have more to do with partisan politics than with the merits of either the old guaranteed student loans or the new direct loans. What Bill Goodling objects to the most, it seems, is what he describes as a White House ploy to turn direct lending into “the cornerstone of this president’s term in office.” He points to the multimillion-dollar Education Department publicity campaign—including television commercials, print ads and millions of individual letters to borrowers—trumpeting the merits of what it calls “President Clinton’s New Direct Student Loan Program.” Are the Democrats playing politics with student loans, too? Secretary of Education Richard Riley defends the advertisements, noting that “if the program was a failure, it would surely be President Clinton’s program.”

With both Democrats and Republicans intent on turning direct loans into a political football, students may find themselves facedown in the dust. Which is a shame, because, as Richard Riley puts it, “borrowing is easier and faster, and students I talk to are almost elated about the difference. And it’s clearly a savings for taxpayers.” The banks and guarantee agencies that disagree with Riley are already having their say in Congress; students, so far, have been silent.

Mr. SIMON. Mr. President, it says:

State by State, the guarantee agencies’ record of fraud, conflict of interest and other abuses demonstrates that they are as cavalier with taxpayer dollars year-round as they are with loan checks at the beginning of the semester.

Another quotation:

The fate of direct lending in Congress this fall may have more to do with partisan politics than with the merits of either the old guaranteed student loans or the new direct loans.

It should not be political. One of the things—and I am sure the Senator from Oklahoma, who is presiding, has heard me say this before—one of the things that is bad about Congress, worse than when I came to Congress 21 years ago, is the increasing partisanship on both sides. Both parties are to blame. But this is an issue that should not be partisan. It was originally conceived of by Congressman Tom Petri of Wisconsin, a Republican. I took the idea from him and introduced it in the U.S. Senate.

It is interesting, the “BOND Buyer,” a publication also I do not read regularly, I have to say, Mr. President, talking about this new agreement of a 10-percent limit, says:

This is an important step in the right direction for State guarantee agencies.

I want to take an important step for students, for colleges and universities.

It also points out that these agencies have tax-exempt bonds for those who are interested in the tax-exempt bond market. One of the pluses of direct loans is, frankly, they do not use tax-exempt bonds, so the Federal Treasury gets additional income, one of the things that is not calculated in this skewed calculation we make.

This is one program the President of the United States really understands. He came to my office when he was a candidate, and we talked about this. He gave a speech at Georgetown Univer-

sity about direct lending and how we have to simplify loans and reduce the paperwork and do a better job for the students of the United States. He spoke about it frequently on the campaign trail. He was down in Carbondale, IL, which is near my home, just a few weeks ago at Southern Illinois University and spoke about the program. He has spoken about it at Rutgers and elsewhere.

I hope when we get past the Presidential veto; that we sit down and ask ourselves, No. 1, what is best for the students; No. 2, what is best for the colleges and universities; and No. 3, what is best for the taxpayers. I think if we ask those three simple questions, then I hope we will come to the conclusion the best way is to give people the option: If you want to go with the old program, you can go with the old program. If you want to go with the new program, you can go with the new program. But to say to the schools in Oklahoma and Illinois, three-fourths of you who like the new Direct Loan Program, three-fourths of you are going to have to get rid of that program, I do not think we should do that. Talk about unfunded mandates. They not only reduce paperwork, they reduce the work of personnel in colleges and universities. That is what we ought to be about.

So, Mr. President, I hope we do the right thing after we get through this first phase of reconciliation that is going nowhere, and then sit down and work together and come up with what is sensible for the students, for the future of our country.

It is interesting that some years back, prior to your being here or my being here, Mr. President, right after World War II, there was a big debate among veterans organizations. The American Legion wanted to have an education program, and the other veterans groups wanted to have a cash bonus. Fortunately, the American Legion won out, and we had the GI bill, which has been a huge plus for the country. If we had had the cash bonus, it would have been frittered away, and we would have gotten nothing out of it.

We kind of face the same thing now. Do we cut back on assistance to students, or do we have this tax cut? The tax cut is \$345 billion, and the cutback on students is only \$10 billion. We can have both, but I do not think you build a better, finer America by cutting back on educational opportunities.

#### THE 30TH ANNIVERSARY OF THE HIGHER EDUCATION ACT—AN UNHAPPY BIRTHDAY

Mr. KENNEDY. Mr. President, 30 years ago today President Johnson signed into law the Higher Education Act of 1965. I served on the committee that approved the bill, and it passed the Senate by voice vote, without opposition.

When he signed the bill at Southwest Texas State College, in San Marcos,

TX, President Johnson noted that: “The President’s signature upon this legislation passed by Congress will swing open a new door for the young people of America. For them, and for this entire land of ours, it is the most important door that will ever open—the door to education.”

Yet today, for the first time in 30 years, we are in danger of closing that door. The Republican budget proposes the largest education cuts in the Nation’s history—\$36 billion over the 7-year budget period. This is an extraordinarily severe cutback that will harm schools and colleges, parents and children across the country.

Under the Republican plan, student loans for college will be cut by \$4.9 billion. The remainder of the cuts will come from Pell grants, College Work Study, Head Start, Title One, Goals 2000, and other initiatives that Congress has passed with strong bipartisan support.

This is no time to cut education. When we passed the Higher Education Act, the post-war baby-boom students were entering college in record numbers. In the years ahead, the sons and daughters of that generation will be applying to colleges in record numbers—yet Congress will be slamming the door on them.

The Republican budget means that 1,000,000 students will lose the chance for Pell grants, or see them reduced in value by 40 percent. It will dismantle the direct loan program that has brought lower costs and better service to students and colleges. It will slash aid to public schools across the country. Cutting education as we enter the information age is like cutting defense at the height of the cold war. It is wrong, and it makes no sense.

For 30 years, we have honored the principle that education is the key that unlocks the American dream. On this anniversary, I urge Congress to recommit itself to that fundamental principle. There is still time to do the right thing for education in the current budget battle.

#### THE 30TH ANNIVERSARY OF THE HIGHER EDUCATION ACT

Mr. SARBANES. Mr. President, today marks the 30th anniversary of the enactment of the Higher Education Act of 1965 and I am pleased to take this opportunity to comment on what is, in my view, a truly landmark piece of legislation in this country.

Every nation puts a premium on education in order to develop the skills and talents of its people in order to succeed in a modern, complex economic society. That is true whether the country is governed as a democracy or a dictatorship or somewhere in between—each is concerned with enhancing the skills of its people in the workplace. Improving the skills of the American worker and providing education opportunities for all are goals which epitomize the spirit of what it